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ANNUAL REPORT

1970

Year ending June 30, 1970

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THE COMMONWEALTH OF MASSACHUSETTS
DIVISION OF EMPLOYMENT SECURITY

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ON JUNE 30, 1970

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Assistant Directors

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James F. Fife

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ANNUAL REPORT

Fiscal Year ending June 30, 1970

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THE DEPARTMENT OF JUSTICE
DIVISION OF INVESTIGATION

REPORT OF
SPECIAL AGENT IN CHARGE

John H. [illegible]

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ON JUNE 30, 1970

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MASSACHUSETTS ECONOMY

The civilian work force in Massachusetts topped 2.6 million for the first time in the final month of fiscal year 1970. Nonagricultural wage and salary employment had hit a record high for each month of the fiscal year. Unemployment, however, had climbed to a count of 149,900, and a seasonally adjusted rate of 5.2 percent by June 1970. Manufacturing employment continued its downward trend.

Aerospace and defense-related employment released many executives and engineers who found that the sophisticated technology of the weaponry and aerospace industries was not readily adaptable to meeting consumer needs.

Cutbacks were also attributed to lower labor costs in other parts of the country and abroad, increased efficiency in production methods, and diminished consumer demand. Subsequently, payrolls were further curtailed to trim costs and bring production into line with recession-level demands.

The employment mix continued to shift from manufacturing activities to such areas as services, trade, transportation and utilities, and finance, insurance and real estate. The service industries added almost 17,000 jobs in fiscal year 1970, paced by the medical field where expansion has been substantial.

Complicating the unemployment picture was the understandable reluctance of many of the newly unemployed to consider work at substantially lower wages than those paid on their latest but now nonexistent jobs, or, in the case of those with little or no training or experience, to enter low skilled jobs at prevailing wages, when a "dead end" seemed involved. To sum up, the year closed in Massachusetts with more unemployment among recently-displaced highly-skilled personnel who had never or only rarely been unemployed previously. At the same time there was a considerable number of job openings either involving skills in short supply or having working conditions unattractive to available applicants.

Despite the economic recession which began to take form during this reporting period, the Fund balance registered its sixth consecutive increase, although much smaller than last year's gain. The Fund balance at the end of the fiscal year 1969-1970 stood at \$401,877,189.19, an increase of \$16.7 million compared with last year's gain of \$42.6 million. This situation was possible even with rising unemployment, since total employment continued to set new records.

EMPLOYMENT SERVICES 1970

The Employment Service Division directed its attention to those most in need of finding a spot in the employment structure suitable to their qualifications and potentialities. At the same time new emphasis was placed on the task of raising

the qualifications and potentialities of the unemployable--those with little or no experience or training, those most in need of finding a spot in the employment structure suitable to their limited qualifications, particularly those on the lower rungs of the economic ladder. The Human Resources Development Program (HRD) had been designed to seek out and help just such individuals who require special employment service assistance in order to improve their employability. During fiscal 1970 more than 90,000 applicants were identified as meeting criteria for such specialized attention.

Special services to the handicapped covered the usual range of available services including counseling and testing, referral to training or other supportive services, job development and placement, and general promotion of the wider absorption of the handicapped by industry. The long-standing close-working relationships with the Massachusetts Rehabilitation Commission, Commission on the Blind, Commission on Employment of the Handicapped, Department of Mental Health, U.S. Veterans' Hospitals, U.S. Civil Service Commission and other public and private agencies concerned with service to handicapped people, were maintained and strengthened. As a result of these constant liaisons, the President's Committee for the Handicapped presented an Employers Merit Award to the Internal Revenue Service Center at Andover, Massachusetts. In addition two service center employees at Andover were nominated for national recognition in the Internal Revenue Service Handicap Program.

Recognizing the problems of readjustment facing veterans, the Federal government has instituted (through the MDTA Program) Project Transition, which is to be implemented by Employment Security Agencies throughout the country. Project Transition is designed to train armed forces personnel prior to their discharge. It is a voluntary program geared to provide the four basic needs of men leaving the service: counseling, skill enhancement, education, and job placement. The target group for this in-service training and education consists of those individuals who have from one to six months service remaining and who have expressed their intention not to reenlist. In most cases, when referral is made from the officer assigned to Project Transition at a particular base, the individual will have completed a questionnaire and received initial counseling. Some men may require both education and skill training. On the other hand, many servicemen will already have job skills and will need only job placement assistance. In Massachusetts, the first local employment office to institute Project Transition within its area of responsibility was the Fitchburg office, which services Fort Devens in Ayer. Arrangements have been made to provide the Fitchburg office with Labor Supply and Demand Summaries for each of the fifty states.

Final 1970 census tabulations by race show that the total nonwhite population in the United States has increased over the last decade. Since Massachusetts also shared in this gain, the Division stepped up its efforts to expand employment opportunities for minority groups by referrals to training programs and by the development of specific job openings to match individual applicant qualifications. Added emphasis was given towards compliance with civil rights and fair employment legislation. This was reflected in the ongoing training programs for Minority

Group Representatives stationed in local offices and by community participation activities held both in local offices and at the state level. Regular meetings of Minority Group Representatives have been held to foster interchange of ideas. Discussion of problems was stimulated by the use of films, workshops, panels, and like. Participating in these meetings were Employment Aides working to promote employment office services among the disadvantaged, as well as representatives of other agencies working with minority groups.

This was the seventh consecutive year in which the employment service planned, organized and conducted a statewide campaign, timed to coincide with the closing of schools for the summer, to promote the placement of youth. As in previous years, advance planning for the 1969 summer placement campaign season began in early April. After guidelines were established and disseminated to local offices, the public was informed of the program through promotional material in the mass media. Local office managers were instructed to request the assistance of local school officials and other organizations in the early registration of students for summer work.

During fiscal year 1970 the Division of Employment Security continued to provide a wide range of services to youth, especially to disadvantaged young people eligible for intensive service under the Human Resources Development Program. Nearly 98,000 youths registered for work at Division offices during this period. As a result, 31,500 youth placements were recorded during the fiscal year. This was a sizable decrease from last year's figure of 38,000, however, due to the general softening of the state's economy which seriously affected the employment prospects of young people.

Although the U.S. Department of Labor discontinued the Massachusetts Job Corps Centers, the Division of Employment Security continued to recruit and screen applicants throughout the state. During the period ending June 30, 1970, local offices and Youth Opportunity Centers referred 144 young men and women candidates to the regional Job Corps Center. Of this number 82 were actually enrolled and departed for various centers throughout the country. The lack of a Job Corps Center in New England seriously affected recruitment during the year, as many parents and disadvantaged young boys and girls objected to out-of-region training. The Division continued to meet its obligations to returning Job Corps graduates and terminees also, by placing a total of 102 of these young people in full time employment or further training programs during this period.

The Work Incentive Program (WIN) was an important and rapidly expanding service in fiscal year 1970. The goal of the WIN Program is to make it possible for some welfare recipients to become productive wage earners, rather than to remain committed to long-term maintenance. By fostering economic independence WIN hopes to remove many recipients from the welfare rolls and thus realize considerable savings.

The target group of this plan are those heads of families receiving funds under

the Aid to Families with Dependent Children Program (AFDC). WIN legislation makes it mandatory that fathers and male youth 16 and over of AFDC-aided families make themselves available for WIN Program services. Females, including those who are the head of the household, are encouraged to accept referrals, but on a voluntary basis.

In fiscal 1970, the Work Incentive Program had its budget increased to some \$6,379,000 for the year. This allowed training slot totals to increase from 3,000 to 4,950; and (in order to carry out these plans) provided sufficient funds to add 8 WIN teams, reaching a level of 27 teams in all. Operational totals mirrored substantial improvement. Of the 5,800 persons referred to WIN teams from Welfare Departments, more than 3,600 were enrolled in programs and almost 850 became employed after training. Over the year, 918 subcontracts for training became effective, nearly three times as many as in the preceding year.

Funds totaling \$5,811,000 were allocated to Massachusetts during fiscal year 1970 to maintain the projects operated under the auspices of the Manpower Development and Training Act. These programs were geared to provide institutional training to over 2,700 trainees. In addition, \$292,525 was funded for the training of 147 residents of the New Bedford and Gloucester areas which had been designated as Redevelopment Areas. Also launched in fiscal 1970 were training programs for 164 inmates at correctional institutions in Boston, Concord, and Plymouth. As the fiscal year ended, 63 training projects were active under MDTA, with 1,567 trainees enrolled. An additional 20 projects for 1,327 trainees had also been approved, but had not as yet started. During the entire year, 83 projects involving 2,070 trainees, had been completed, bringing to 719 the total of projects completed since this type of training began here. Through June 30, 1970, nearly 20,000 trainees had received MDTA training in Massachusetts.

In January, 1968, on direction from the White House, the Job Opportunities in the Business Sector (JOBS) Program was initiated under the auspices of the United States Department of Labor. The Secretary of Labor was instructed to coordinate a joint effort of the Department, and the National Alliance of Businessmen (NAB) to seek out, train and hire the hard-core unemployed.

Once the applicants are located, the training is done by NAB members under a Federal contract which reimburses them for any extraordinary expenses incurred in such training. The training is usually of the on-the-job type, which has been proven to be most successful in keeping people in jobs once supervision has ended. It also eliminates the placement problem.

The role of the Massachusetts Division of Employment Security in the program is to identify for NAB the disadvantaged unemployed and to recruit, test and refer those so identified to the proper program. The Division also solicits job openings from NAB members and offers technical assistance in developing the federal contracts which provide reimbursement.

Originally the NAB-JOBS Program was limited to the nation's 50 largest metropolitan areas, including Boston. In following years the number of cities was increased to 131, including Springfield, Worcester, Brockton and New Bedford. In fiscal 1970 the concept was expanded further by setting up a "State Team" in Massachusetts, comprising a Supervisor and five Contract Service Representatives to negotiate and draw up NABS-JOBS contracts in localities not covered by existing Metro-Area NAB organizations. After a brief period of training and "trial-runs" this team began operating in January 1970, and subsequently proved its worth as an operational entity. During the six months ending June 30, members of the team visited more than 100 employers to present and discuss the NAB-JOBS Program. In order to put forward the program on a broader basis, 17 Chambers of Commerce were contacted and speaking engagements were arranged at which from 20 to 60 local employers were present. Training in the Employment Service aspects of the Program, emphasizing selection and referral responsibilities was conducted for 20 local employment offices. By June 30, some seven contracts had been drawn up and awarded, involving 221 slots funded at a cost of \$554,000.

UNEMPLOYMENT INSURANCE ACTIVITIES

Due to a rising unemployment rate, the fund balance increase during fiscal 1970 was substantially less than in fiscal 1969, a \$25.9 million drop from \$42.6 million to \$16.7 million. Still, at \$401,877,189.19 on June 30, 1970, the fund balance had never been higher at the end of a fiscal year. Employer contributions for the current fiscal year, which were collected under Schedule A (lowest rates), were \$141,586,090.75. This resulted in a decrease of less than one percent from the previous year's contributions which were collected under the higher Schedule B rates for three of the four quarters. Increased employment and higher wages counterbalanced the reduction in collections caused by the drop to Schedule A rate levels.

Unemployment Insurance claims activity increased in fiscal year 1969-70 for the first time since fiscal year 1963-64. Initial claims increased to 485,979 from 415,530 in fiscal 1969-70; continued claims rose to 3,001,467 from last year's 2,444,478.

The average spell of unemployment continued to lengthen, with 6.2 weeks being the average duration (per initial claim) in fiscal year 1969-70. In recent years the averages were 5.9 weeks in fiscal 1968-69; 5.7 weeks in fiscal 1967-68; and 5.4 weeks in fiscal 1966-67. This is a rough index of the duration of weeks in each spell of insured unemployment, i.e., the ratio of continued claims to initial claims.

There were 2,616,984 checks disbursed during the fiscal year 1969-70. This amount was 474,318 or 22 percent more than the previous year. Benefit disbursements at

\$122,975,647.90 (Net) were 30.4 percent higher than the year-earlier figure of \$94,298,897.29. The rise of both categories reflects the unemployment resulting from the business slowdown. That disbursements rose proportionately higher than checks (30.4 percent to 22 percent) is due to the increase in the maximum benefit rate in October 1969 to \$62, a \$5 increment. Higher base year earnings by claimants also caused the amount of benefits paid to rise. These same factors caused the average weekly benefit check for total unemployment to increase by \$2.93, to \$50.05 from \$47.12 and for partial unemployment, to rise by \$3.24, to \$27.70 from \$24.46. Benefit exhausts rose to 35,094 from 34,311 in the preceding year, an increase of 2.3 percent.

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